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10 Attorneys for Debtors

E-FILED ON APRIL 18, 2008

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 13 **UNITED STATES BANKRUPTCY COURT**
 14 **DISTRICT OF NEVADA**

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|--|---|--|--|--|---|
| 15 In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor. | 16 In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor. | 17 In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor. | 18 In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor. | 19 In re: USA SECURITIES, LLC, Debtor. | 20 Affects: <input type="checkbox"/> All Debtors <input type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input checked="" type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA Capital First Trust Deed Fund, LLC |
| | | | | | Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR |
| | | | | | Chapter 11 |
| | | | | | Jointly Administered Under Case No. BK-S-06-10725 LBR |
| | | | | | USA CAPITAL REALTY ADVISORS, LLC'S THIRD REPORT OF ACTION TAKEN AND PROGRESS TOWARDS CONSUMMATION OF CONFIRMED PLAN OF REORGANIZATION |
| | | | | | (Affects USA Capital Realty Advisors, LLC) |

1 USA Capital Realty Advisors, LLC (“USA Realty”), by and through its counsel, hereby
 2 submits this Third Report of Action Taken and Progress Towards Consummation of Confirmed
 3 Plan of Reorganization (“Third Report”). This Third Report is submitted pursuant to Article VIII,
 4 Section T of the Debtors’ Third Amended Joint Chapter 11 Plan of Reorganization (the “Plan”),
 5 Paragraph 74 of the Court’s “Order Confirming the Debtors’ ‘Third Amended Joint Chapter 11
 6 Plan of Reorganization,’ as Modified Herein” (Docket No. 2376) (the “Confirmation Order”), and
 7 the Court’s Order dated April 30, 2007 (Docket No. 3627). The Plan became effective on March
 8 12, 2007 (the “Effective Date”). USA Realty filed its First Report of Action Taken and Progress
 9 Towards Consummation of Confirmed Plan of Reorganization (“First Report”) on July 16, 2007,
 10 covering the period of March 13, 2007, through June 30, 2007. It filed its Second Report of
 11 Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization
 12 (“Second Report”) on October 25, 2007, covering the period of July 1, 2007, through September
 13 30, 2007. This Third Report covers the period of October 1, 2007, through March 31, 2008.¹

14 **I. Resolution of Proofs of Claim Filed Against USA Realty**

15 As of the filing of the Second Report, USA Realty had resolved all of the proofs of claims
 16 filed against it with the exception of proofs of claims number 10729-00041 through 10729-00044
 17 and 10729-00054 through 10729-00057 (known as the “McGimsey Claims”). On November 2,
 18 2007, USA Realty filed a summary judgment motion asserting that the McGimsey Claims were
 19 unauthorized derivative actions and should be disallowed in their entirety (Docket No. 5256). No
 20 response to the summary judgment motion was filed, and the Court approved the motion at a
 21 hearing on December 20, 2007. By Order dated January 22, 2008 (Docket No. 5710), the
 22 McGimsey Claims have been disallowed in their entirety. *Thus, all proofs of claim filed against*
 23 ***USA Realty have now been resolved.***

24 **II. Resolution of Scheduled Claims**

25 On June 8, 2007, USA Realty filed an omnibus objection to the scheduled claims of Beadle

27 ¹ Unless otherwise provided herein, all capitalized words and terms are defined in the confirmed Plan.
 28

1 McBride, Kummer Kaempfer Bonner Renshaw & Ferrario, and Santoro Driggs (Docket No. 3919)
 2 asserting that USA Realty was no longer liable on account of these claims since the parties had
 3 affirmatively sought payment of their claims from other Debtors. By Order dated July 31, 2007
 4 (Docket No 4386), the Court sustained USA Realty's objection thereby disallowing the scheduled
 5 claims of Beadle McBride, Kummer Kaempfer Bonner Renshaw & Ferrario, and Santoro Driggs
 6 in their entirety. ***All issues involving USA Realty's scheduled claims have now been resolved.***

7 **III. Resolution of Motions, Contested Matters, and Adversary Proceedings**

8 As of the filing of the Second Report, all motions, contested matters, and/or adversary
 9 proceedings involving USA Realty had been resolved with the exception of a "conditional"
 10 adversary proceeding which was filed by Compass against, in relevant part, all of the Debtors on
 11 July 7, 2007, designated as Adversary Proceeding No. 07-01105 ("Compass Proceeding"). On
 12 October 26, 2007, Compass filed a notice of dismissal thereby dismissing USA Realty from the
 13 Compass Proceeding. ***Thus, all motions, contested matters, and adversary proceedings involving***
 14 ***USA Realty have now been resolved.***

15 **IV. Unresolved USA Realty Management Fees Issue**

16 As of the filing of the Second Report, there remained a dispute between DTDF and USA
 17 Realty regarding unpaid, postpetition management fees that DTDF owes to USA Realty. These
 18 unpaid, postpetition management fees are not covered in the Plan so DTDF and USA Realty have
 19 been engaged in negotiations to resolve this disputed debt. Such negotiations continue and it is
 20 believed that this issue will be resolved soon.

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1 **V. Closure of USA Realty Bankruptcy Case and Dissolution of Entity**

2 Upon resolution of the management fees issue with DTDF discussed above, USA Realty
3 will file a motion to close its bankruptcy case and request that the Court enter a final decree. USA
4 Realty will also cause the necessary papers to be filed with the state of Nevada to effectuate its
5 dissolution as a limited liability company.

6 Respectfully submitted this 17th day of April, 2008.

7
8 /s/ Lenard E. Schwartzer

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